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ANNUAL BUDGET SURVEY

by

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Data Tabulated by

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ACKNOWLEDGMENT

The AACP Institutional Research Committee is an advisory committee to AACP staff for the purpose of providing guidance regarding AACP survey projects and activities. The Committee consists of the following AACP members:

Arthur D. Broom, Ph.D. (Utah)
Gilbert J. Hite, Ph.D. (Connecticut)
David A. Knapp, Ph.D. (Maryland), Chair
William J. Kinnard, Ph.D. (Maryland)
Gerald E. Schumacher, Ph.D. (Northeastern)
Albert H. Soloway, Ph.D. (Ohio State)

The Committee provided valuable help to staff and Association Research, Inc. in revising the AACP Budget Survey so that it would continue to meet AACP's individual and institutional members' needs.

The Association wishes to express its appreciation also to the pharmacy school deans and their staffs who devoted their valuable time in completing the survey instruments which led to this report.

INTRODUCTION

This survey of budgeted revenues and expenses of AACP member colleges reflects a total rethinking of the survey and an almost complete reworking of the survey instrument as compared with previous efforts.

The Institutional Research Committee and AACP staff were challenged to go back to the drawing board and develop a survey which would help member colleges better understand their own operations and provide benchmarks for analysis and comparison with other institutions.

The development and refinement of this survey is a dynamic process which is fueled by the comments of participants and an ongoing review by the Institutional Research Committee and staff.

The number of colleges participating in this year's survey was 62, compared with only 57 colleges in the most recent survey. The total budgeted revenue of the participants was $231,279,702 for the 1985-86 academic year. A total of 1,873 faculty FTE's was reported by the respondents, as well as 188 part-time faculty and 942 staff members.

Just over three-quarters (77.4%) of the respondents were public institutions. Approximately one-third of the participating colleges were in the South, another one-third from the Mid-West, and the balance almost equally divided between the Northeast and West (Figure 1). Three out of every ten schools in the survey had budgeted revenues below two million dollars for the 1985-86 academic year, and just under one-fourth of the respondents had budgeted revenues in excess of five million dollars (Figure 2).

The survey results are presented in two distinct sections. The first section covers representative revenue and expenditure amounts which are presented in Tables A and B. The mean values in these tables, however, are representative only of those schools that reported a non-zero amount on that line. Consequently, blanks and zeros were disregarded when calculating the mean values. These averages are, therefore, representative of each line item taken in isolation from the other revenues and expenses which were computed.

These mean values are found in Tables A and B and should provide reasonable benchmarks for comparison.

However, since the number of colleges reporting varied, sometimes significantly, on each line, the line items themselves are not necessarily related. This diminishes the likelihood of any consistency from line to line under the columns labeled "all colleges", "public colleges", or "private colleges".

In Section 2, the focus shifts to an analysis of the nature of operations at different types of schools. A sub-sample of participants was used to produce a profile of a typical pharmacy school, a typical public school, and a typical private school. The schools selected met one important criterion: the data they provided for the line items summed up to the sub-totals they reported in the survey instrument. The 36 colleges that met this criterion had an internal consistency in the data they provided for this analysis. Blanks were averaged into the mean calculations with a value of zero.

The result of these calculations is a column of data in which line items add up to the sub-totals and which provides a composite profile of the colleges. These profiles, however, are not intended to resemble an actual college, but they do allow a comparison of public and private schools and highlight differences and similarities.

SECTION I: REPRESENTATIVE REVENUES AND EXPENSES

The AACP Budget Survey attempts to identify and quantify the common operational characteristics of colleges of pharmacy. While they all share the same educational goals and objectives, there is a great deal of variation in the way these colleges fund their programs.

Of the 62 colleges that participated in the survey, 48 were public institutions and 14 were private colleges. There are a number of significant differences between the public and private schools:

- 13 of 14 private colleges received tuition and fees; only 16 public schools did so.
- Tuition, fees, and institutional support amounted for 78.2% of total revenue for private schools, compared with only 60.8% for public institutions.
- Slightly over half of the public colleges received endowment income while 10 out 14 private schools reported endowment income.

There are also some similarities:

- Two-thirds of all respondents (public and private) reported revenue from continuing education programs.
- Grant and contract revenue was reported by 55 of the respondents.
- Only four public and four private colleges reported revenue from hospital sales and services.

The average revenue of the 62 respondents was $3,730,318 (Table A). Of the 58 colleges that reported faculty size, the average number of budgeted FTE's was 32. On the average, the private schools reporting in the survey were slightly larger than the average of the public schools. Private schools reported an average revenue of $4,360,878; with 36 FTE's and an average staff of 27. The public schools had an average revenue of $3,546,404; 31 FTE's and 14 staff members.

The information presented in Table A is representative of those colleges which reported a non zero value for a particular revenue or expense item. While this provides some interesting benchmark numbers for each line item taken by itself, the comparison of one line item to another is not valid since the basis or number of colleges reporting varies from line to line.

Table B presents representative figures for the detailed revenues and expenses which were summarized in Table A. For example, while 55 colleges reported total revenue from all grants and contracts, no more than 35 reported for any specific type of grant. In some cases, the questionnaires revealed that some schools had no state and local grants and contracts, but for others, the omission of the detailed items makes it difficult to reconcile the total with the respective parts. Of the 22 colleges that reported state and local grants, the average amount budgeted was $147,056. This can be broken down into an average of $132,444 for 19 public schools, and $239,602 for 3 private schools.

The most meaningful information in Table B concerns salaries, since virtually all participants provided information on the totals budgeted for faculty FTE's and staff. As mentioned above, the private colleges in the sample tended to be a little larger, on the average, than the public schools. However, the average amount budgeted for faculty FTE's by 13 of the 14 private colleges was $1,234,001, compared with an average of $1,294,232 for the 48 public schools that participated. Private schools employed approximately twice as many staff as public schools.

SECTION 2: BUDGET PROFILE

There are obviously inherent problems in analyzing and interpreting the representative revenues and expenses presented in Tables A and B. In an attempt to characterize and understand the operations of colleges of pharmacy, especially the differences between public and private schools, a profile based on a sub-sample of the respondents was developed (Tables C and D).

Of the 62 participants, 36 provided detailed information for all the revenue and expense line items. The principal criterion was that the detailed line items, such as the eight items listed under Operations, equalled the sub-total for all Operations. This would include, for example, a college that left the line items under grants and contracts blank but placed the value zero in the sub-total. For these 36 colleges, 29 of which were public, blanks on the survey form were treated as zero when computing average values.

Even though Tables C and D are based on just under 60% of the respondents to the survey, each school, and composites based on

these schools, have internal consistencies and accounting accuracies such that all line items have the same basis or denominator, and detailed line items add up to the sub-totals.

In Table C, average revenues and expenses are listed for all reporting colleges, as well as public and private colleges. Each revenue and expense item is calculated as a percent of total revenue.

While we know from the analysis in Section 1 that fewer than half of the colleges received tuition and fees, the profile of all pharmacy schools as depicted in Table C suggests that typically 20.6% of revenues are from tuition and fees. As might be expected, this varies from only 5.3% of revenues for public schools to 71.3% for the seven private colleges that met the selection criteria (Figure 3). This should not be construed as a suggestion that all public colleges receive 5.3% of their revenues from tuition and fees, rather, that tuition and fees received directly by public colleges are a relatively small portion of total revenue. By contrast, tuition and fees are a major source of revenue for a typical private pharmacy school.

State general funds accounted for 55.1% of budgeted revenues for public colleges, but less than 1% for a typical private college.

A typical public college budgets 24.3% of its revenue from grants and contracts, compared to only 13.3% for the typical private college (Figure 4). For all colleges combined, over half of all contracts were federally funded, with the next largest category, 3.5% of total revenue, being industrial contracts.

Table D is also based on colleges that reported complete information on their survey forms. Highlighted in this Table is detailed information about salaries and operations expenses, budget changes, and faculty and staff. Expenses were divided by total revenue to obtain percentages since the questionnaire only asked for total salaries and total operations. It is interesting to note that for this smaller sample of 36 colleges, salaries and operations account for 60.2% of total revenue. The average amount budgeted by public colleges for faculty FTE's was $1,266,868, which is 42.2% of total revenue. At the seven private colleges included in Table D, the budget for faculty

FTE's was 28.0% of total revenue. For all full and part time faculty, graduate students and staff, a typical public college budgeted 54.3% of revenue compared to only 38.8% for private schools.

Under Operations, the largest expense item was supplies, which ranged from 3.9% for public schools to 9.8% for private schools (Figure 5). The typical private college spends significantly more for communications, 3.1% of total revenue, compared to .9% for public colleges. All together, operations accounted for 7.6% of the typical public college's revenue, and more than twice as much, 15.7%, for the typical private college. This suggests that private colleges receive less indirect support and assistance. Also, it could be that certain expenses are lower for some public pharmacy colleges than their private counterparts, since the purchasing power of the larger public institution is more substantial than that of some of the stand alone private colleges. These data may suggest also that private colleges are more active than public schools in communicating with alumni and prospective students.

The 36 colleges which were analyzed to develop the profiles are slightly smaller than the average for all 62 respondents. Specifically, the average revenue of the 36 schools was $3,147,381, versus $3,730,318 for the larger sample. Also, the smaller sample which reported all line items had an average number of FTE's of 30 and an average staff of 13, compared to an average of 32 FTE's and 17 staff for all 62 schools.

TABLE A:

AMERICAN ASSOCIATION OF COLLEGES OF PHARMACY

REPRESENTATIVE REVENUES & EXPENSES

AACP 1985-86 BUDGET SURVEY	ALL COLLEGES		PUBLIC		PRIVATE	
	Average	Number Reporting	Average	Number Reporting	Average	Number Reporting
BUDGETED REVENUES						
TOTAL INSTITUTIONAL SUPPORT	1,746,001	(57)	1,981,974	(48)	487,476	(9)
TUITION,FEES, & INST. SUPPORT	2,439,199	(62)	2,156,557	(48)	3,408,257	(14)
SERVICE PROGRAM INCOME	318,995	(23)	385,676	(17)	130,067	(6)
ENDOWMENT INCOME	167,955	(36)	66,825	(26)	430,893	(10)
GIFTS	96,022	(49)	100,730	(38)	79,757	(11)
CONTINUING EDUCATION	45,913	(42)	45,138	(32)	48,392	(10)
TOTAL GRANTS & CONTRACTS	988,819	(55)	1,071,140	(46)	568,067	(9)
SALES & SERVICES OF HOSPITALS	199,102	(8)	205,538	(4)	192,667	(4)
MISCELLANEOUS	220,929	(12)	189,922	(9)	313,950	(3)
OTHER NON-RECURRING FUNDS	61,030	(23)	63,938	(21)		(2)
TOTAL REVENUES	3,730,318	(62)	3,546,404	(48)	4,360,878	(14)
BUDGETED EXPENSES						
TOTAL SALARIES	1,745,709	(61)	1,701,884	(48)	1,907,528	(13)
TOTAL OPERATIONS	461,232	(61)	272,617	(48)	1,157,656	(13)
TOTAL SALARIES AND OPERATIONS	2,206,942	(61)	1,974,502	(48)	3,065,183	(13)
BUDGET CHANGES 1984-85 TO 1985-86						
Avg. % Change in Inst. Support	6.4%	(52)	8.5%	(41)	-1.5%	(11)
Avg. % Change Tot. Revenue	9.7%	(47)	10.2%	(37)	7.9%	(10)
Avg. % Change Tot. Salaries	9.2%	(56)	9.7%	(44)	7.4%	(12)
Avg. % Change Non Salary Items	8.8%	(55)	8.6%	(43)	9.7%	(12)
FACULTY & STAFF						
Number of Budgeted FTE's	32	(58)	31	(46)	36	(12)
Number Budgeted Part-time Faculty	5	(40)	3	(31)	10	(9)
Number Staff	17	(55)	14	(44)	27	(11)

NOTE: The averages are representative only of those colleges reporting a non-zero value for the line item. Since t number reporting varies from line to line, the line items are not expected to add up to the sub-totals.

TABLE B:

AMERICAN ASSOCIATION OF COLLEGES OF PHARMACY

REPRESENTATIVE REVENUES & EXPENSES

AACP 1985-86 BUDGET SURVEY	ALL COLLEGES Average	ALL COLLEGES Number Reporting	PUBLIC Average	PUBLIC Number Reporting	PRIVATE Average	PRIVATE Number Reporting
SELECTED REVENUE ITEMS						
TUITION & FEES	1,783,044	(29)	523,748	(16)	3,332,947	(13)
INSTITUTIONAL SUPPORT						
Institutional Funds	932,658	(14)	974,389	(13)		(1)
State General Funds	1,816,898	(36)	1,865,073	(35)		(1)
Return of Overhead	45,642	(24)	49,054	(22)		(2)
Service Support	185,608	(5)	185,608	(5)		
Miscellaneous	50,301	(8)	28,526	(4)	72,075	(4)
GRANTS & CONTRACTS						
Federal	557,432	(35)	548,128	(32)	656,667	(3)
State & Local	147,056	(22)	132,444	(19)	239,602	(3)
Institutional	45,556	(23)	42,819	(20)	63,801	(3)
Industrial Contracts	202,310	(30)	209,551	(27)	137,144	(3)
Private Foundations/Associations	130,717	(29)	136,053	(25)	97,367	(4)
Other	58,208	(12)	58,208	(12)		
SELECTED EXPENSE ITEMS						
SALARIES						
Budgeted Faculty FTE's	1,281,396	(61)	1,294,232	(48)	1,234,001	(13)
Budgeted Part-time Faculty	68,648	(46)	67,101	(36)	74,218	(10)
Graduate Students	85,732	(53)	88,398	(45)	70,735	(8)
Staff	343,701	(60)	280,304	(47)	572,906	(13)
OPERATIONS						
Communications	45,216	(37)	27,821	(31)	135,090	(6)
Travel	23,876	(38)	23,076	(32)	28,142	(6)
Supplies	160,639	(39)	112,255	(33)	426,748	(6)
Equipment Maintenance	20,711	(31)	19,874	(25)	24,195	(6)
Equipment Purchases	43,000	(33)	44,925	(27)	34,337	(6)
Data Processing-Maintenance	7,731	(16)	2,741	(12)	22,699	(4)
Data Processing-Computer Costs	8,392	(18)	6,676	(15)	16,973	(3)
Data Processing-Computer Equipment	22,883	(13)	22,728	(10)	23,400	(3)

NOTE: The averages are representative only of those colleges reporting a non-zero value for the line item. Since t number reporting varies from line to line, the line items are not expected to add up to the sub-totals.

TABLE C: PROFILE BASED ON COLLEGES REPORTING ALL LINE ITEMS

AACP 1985-86 BUDGET SURVEY	ALL COLLEGES Average	ALL COLLEGES % of Revenue	PUBLIC COLLEGES Average	PUBLIC COLLEGES % of Revenue	PRIVATE COLLEGES Average	PRIVATE COLLEGES % of Revenue
NUMBER OF REPORTS	[36]		[29]		[7]	
BUDGETED REVENUES						
TUITION & FEES	648,121	20.6%	160,467	5.3%	2,668,399	71.3%
TOTAL INSTITUTIONAL SUPPORT						
INSTITUTIONAL SUPPORT						
Institutional Funds	170,269	5.4%	197,916	6.6%	55,735	1.5%
State General Funds	1,337,547	42.5%	1,655,893	55.1%	18,686	0.5%
OTHER INSTITUTIONAL SUPPORT						
Return of Overhead	25,845	0.8%	31,525	1.0%	2,314	0.1%
Service Support	21,001	0.7%	26,070	0.9%		
Miscellaneous	6,261	0.2%	2,314	0.1%	22,614	0.6%
TOTAL OTHER INSTITUTIONAL SUPPORT	53,107	1.7%	59,909	2.0%	24,929	0.7%
TOTAL INSTITUTIONAL SUPPORT	1,560,924	49.6%	1,913,718	63.7%	99,350	2.7%
SERVICE PROGRAM INCOME	44,826	1.4%	30,583	1.0%	103,829	2.8%
ENDOWMENT INCOME	43,833	1.4%	26,703	0.9%	114,800	3.1%
GIFTS	59,055	1.9%	52,801	1.8%	84,965	2.3%
CONTINUING EDUCATION	32,260	1.0%	33,798	1.1%	25,889	0.7%
GRANTS & CONTRACTS						
Federal	364,094	11.6%	389,564	13.0%	258,571	6.9%
State & Local	77,530	2.5%	71,458	2.4%	102,687	2.7%
Institutional	21,965	0.7%	20,736	0.7%	27,058	0.7%
Industrial Contracts	111,489	3.5%	125,075	4.2%	55,205	1.5%
Private Foundations/Associations	93,976	3.0%	103,747	3.5%	53,496	1.4%
Other	16,696	0.5%	20,726	0.7%		
TOTAL GRANTS & CONTRACTS	685,751	21.8%	731,307	24.3%	497,016	13.3%
SALES & SERVICES OF HOSPITALS	40,453	1.3%	28,350	0.9%	90,595	2.4%
MISCELLANEOUS	14,389	0.5%	3,635	0.1%	58,943	1.6%
OTHER NON-RECURRING FUNDS	17,770	0.6%	22,059	0.7%		
TOTAL REVENUES	3,147,381	100.0%	3,003,422	100.0%	3,743,785	100.0%

NOTE: The averages above are based on colleges which provided detailed line items as well as subtotals. In this case, blanks were treated as zeros, and each column profiles what is typical for a group of colleges. Because of the consistency of the data above, the line items do add up to the sub-totals.

TABLE D: PROFILE BASED ON COLLEGES REPORTING ALL LINE ITEMS

AACP 1985-86 BUDGET SURVEY	ALL COLLEGES Average	ALL COLLEGES % of Revenue	PUBLIC COLLEGES Average	PUBLIC COLLEGES % of Revenue	PRIVATE COLLEGES Average	PRIVATE COLLEGES % of Revenue
NUMBER OF REPORTS	[36]		[29]		[7]	
EXPENSES						
SALARIES						
Budgeted Faculty FTE's	1,224,714	38.9%	1,266,868	42.2%	1,050,076	28.0%
Budgeted Part-time Faculty	26,873	0.9%	27,015	0.9%	26,265	0.7%
Graduate Students	58,740	1.9%	68,723	2.3%	17,382	0.5%
Staff	286,518	9.1%	269,472	9.0%	357,138	9.5%
TOTAL SALARIES	1,596,846	50.7%	1,632,079	54.3%	1,450,881	38.8%
OPERATIONS						
Communications	43,203	1.4%	25,682	0.9%	115,791	3.1%
Travel	23,450	0.7%	23,288	0.8%	24,121	0.6%
Supplies	165,212	5.2%	116,798	3.9%	365,784	9.8%
Equipment Maintenance	17,159	0.5%	16,295	0.5%	20,739	0.6%
Equipment Purchases	34,447	1.1%	35,658	1.2%	29,432	0.8%
Data Processing-Maintenance	3,403	0.1%	1,093	0.0%	12,971	0.3%
Data Processing-Computer Costs	3,100	0.1%	2,093	0.1%	7,274	0.2%
Data Processing-Computer Equipment	8,130	0.3%	7,872	0.3%	10,029	0.3%
TOTAL OPERATIONS	298,104	9.5%	228,578	7.6%	586,141	15.7%
TOTAL SALARIES AND OPERATIONS	1,894,950	60.2%	1,860,657	62.0%	2,037,022	54.4%
BUDGET CHANGES 1984-85 TO 1985-86						
Avg. % Change in Inst. Support	7.8%		8.8%		3.4%	
Avg. % Change Tot. Revenue	8.0%		7.2%		11.1%	
Avg. % Change Tot. Salaries	9.7%		10.4%		6.6%	
Avg. % Change Non Salary Items	10.4%		9.7%		13.3%	
FACULTY & STAFF						
Number of Budgeted FTE's	30		30		28	
Number Budgeted Part-time Faculty	2		2		3	
Number Staff	13		14		11	

NOTE: The averages above are based on colleges which provided detailed line items as well as subtotals. In this case, blanks were treated as zeros, and each column profiles what is typical for a group of colleges. Because of the consistency of the data above, the line items do add up to the sub-totals.

GEOGRAPHIC PROFILE
Survey Participants

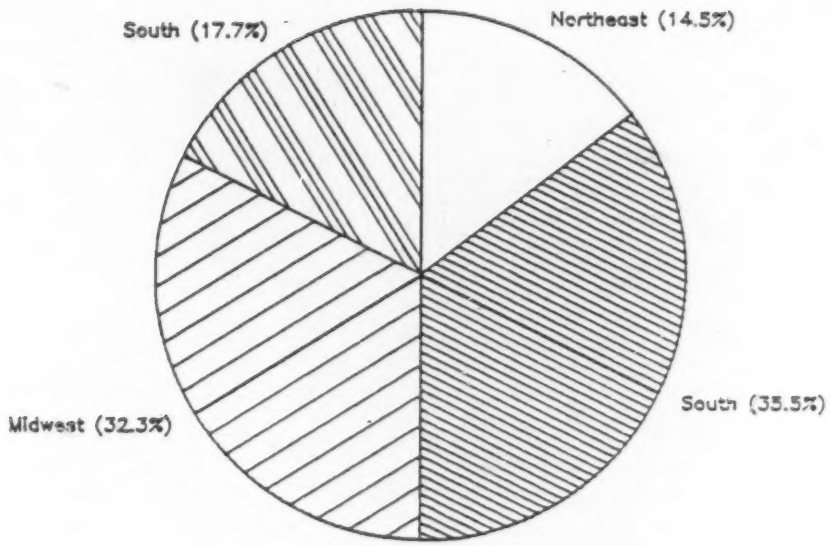

FIGURE 1

SIZE (TOTAL REVENUE) PROFILE
Survey Participants

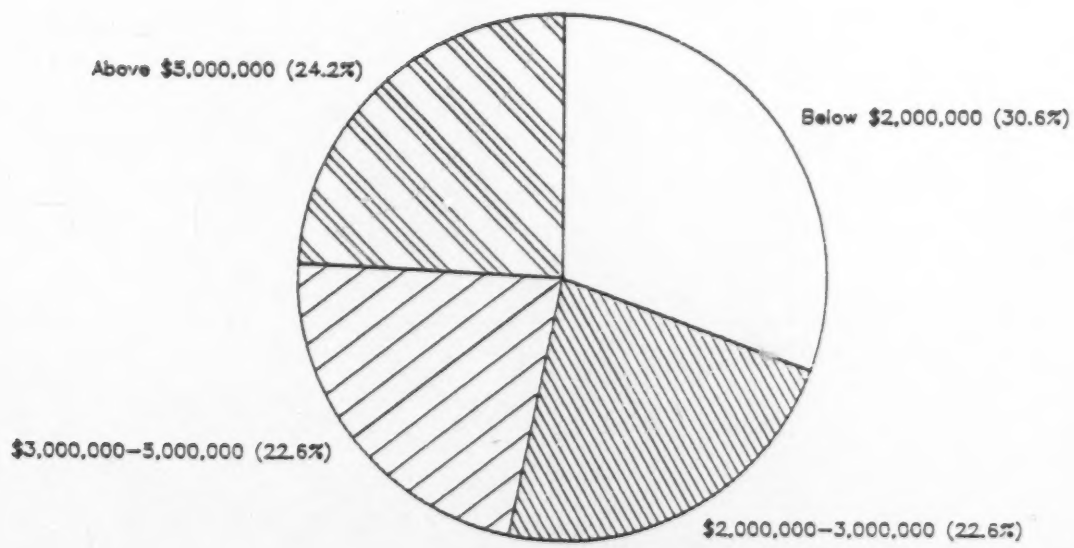

FIGURE 2

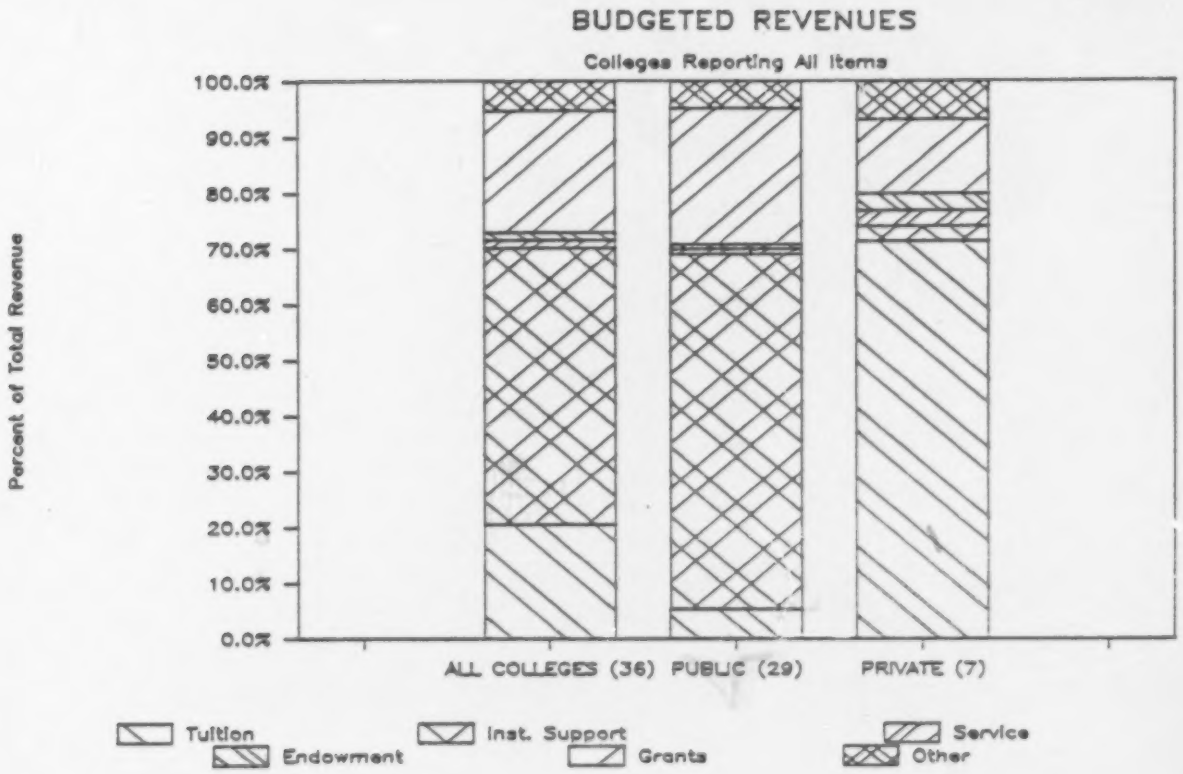
BUDGETED REVENUES
Colleges Reporting All Items
Percent of Total Revenue
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
ALL COLLEGES (36)
PUBLIC (29)
PRIVATE (7)
Tuition
Endowment
Inst. Support
Grants
Service
Other

FIGURE 3

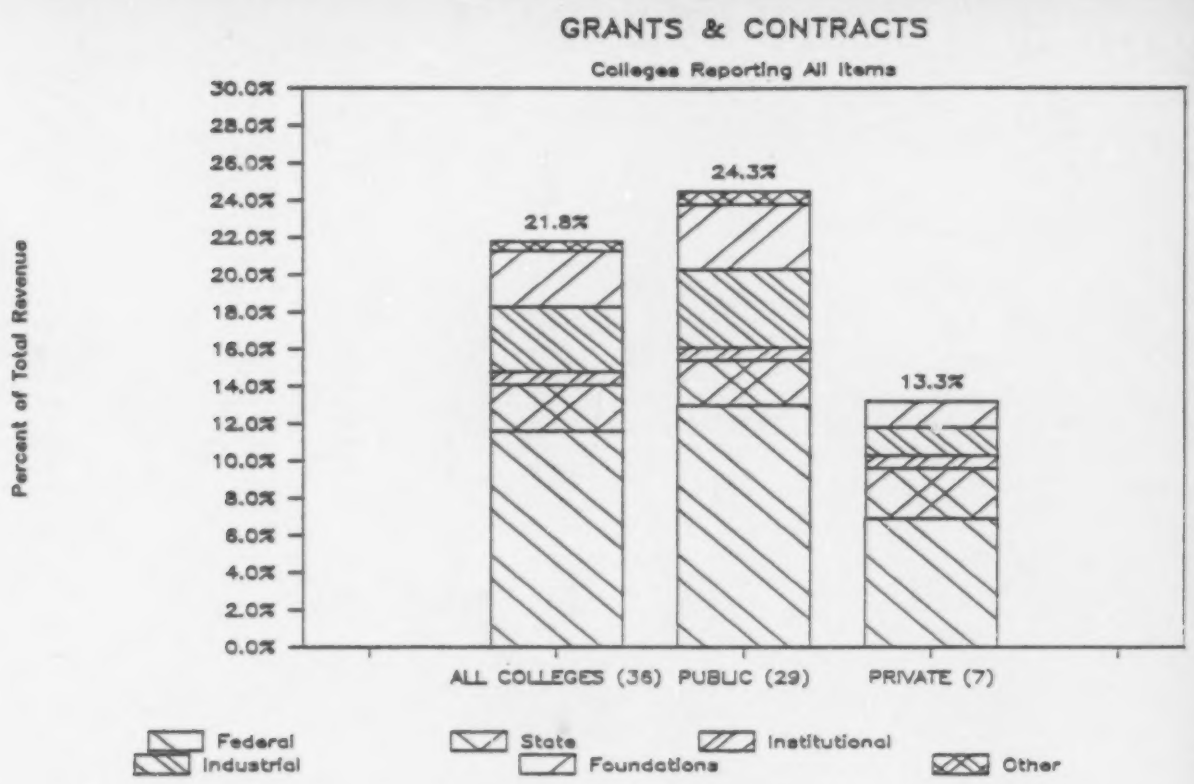

FIGURE 4

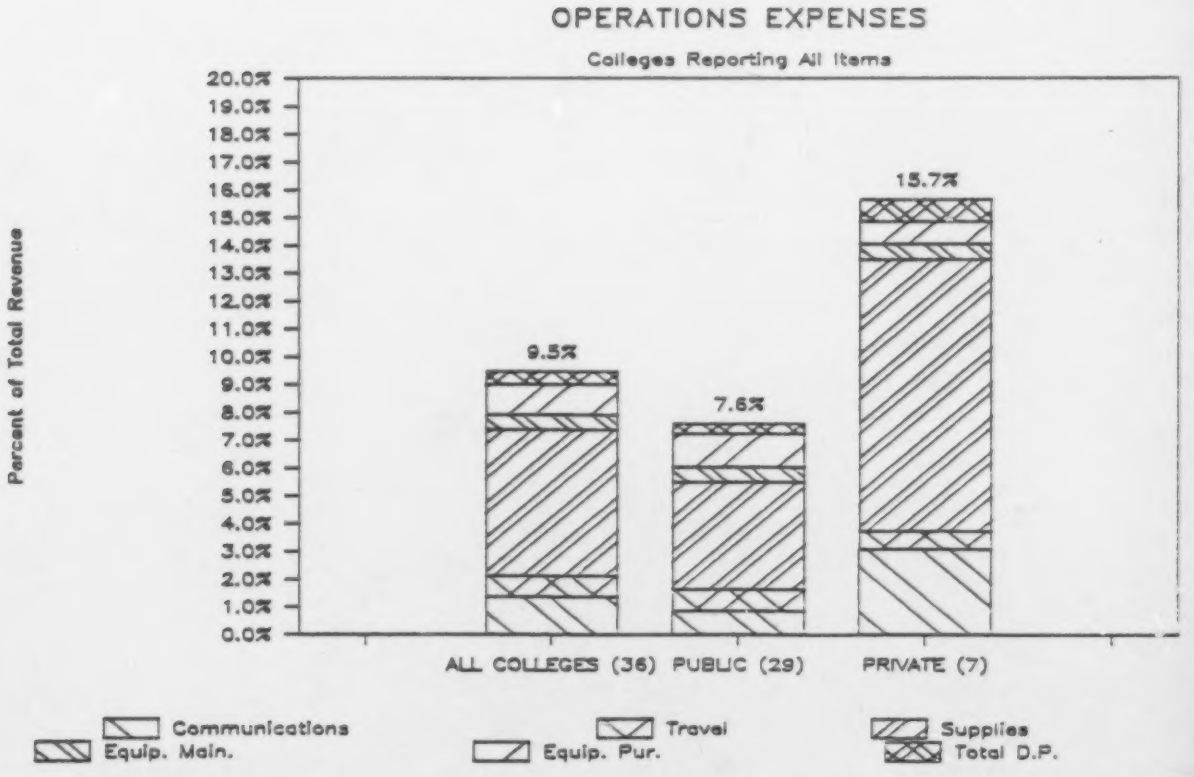

FIGURE 5